

GENERAL PROVISIONS LIST

SUBCONTRACT UNDER CONTRACT F49604-70-C-0023

1. CHANGES
2. ASSIGNMENT OF CLAIMS
3. TAXES
4. INSPECTION
5. COMPLIANCE WITH LOCAL LAWS
6. COMMUNIST CONTROLLED AREAS
7. ESCALATION
8. TERMINATION
9. DEFAULT
10. EXAMINATION OF RECORDS
11. PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA
12. AUDIT
13. SUBCONTRACTOR COST AND PRICING DATA
14. NOTICE OF LABOR DISPUTES
15. NON-USE OF FOREIGN-FLAG VESSELS ENGAGED IN CUBAN TRADE
16. SUBCONTRACTS
17. CURRENCY EXCHANGE, BLACKMARKETING AND OTHER ILLEGAL ACTIVITIES IN THE REPUBLIC OF VIETNAM

CHANGES

Airam may at any time, by written order, make changes, within the general scope of this contract, in any one or more of the following: (i) statement of work or services, (ii) place of delivery, or acceptance, and (iii) the amount of logistic support and property of the U.S. or Airam to be furnished or made available to CAL for performance of this contract. If any such change causes an increase or decrease in the cost of, or the time required for performance of this contract, or otherwise affects any other provision of this contract, whether changed or not changed by any such order, an equitable adjustment shall be made (i) in the amount of the fixed dollar price to be paid to CAL, or the time for completion, or both and (ii) in such other provisions of the contract as may be so affected, and the contract shall be modified in writing accordingly. Any claim by CAL for adjustment under this clause must be asserted within sixty (60) days from the date of receipt by CAL of the notification of change: Provided, however, that Airam, if it decides that there are special facts justifying such action, may receive and act upon any such claim asserted at any time prior to final payment under this contract.

ASSIGNMENT OF CLAIMS

No assignment or transfer of this contract or the right to receive payments thereunder no matter how accomplished, shall be effective, nor shall any assignee or transferee acquire rights to or under this contract unless prior consent to any such assignment or transfer is obtained from Airam, which consent shall be evidenced only by a written instrument executed by Airam.

TAXES

- (a) The contract price, including the prices in any subcontracts hereunder, does not include any tax or duty which the Government of the United States and any other government have agreed shall not be applicable to expenditures made by the United States, or any tax or duty from which CAL, or any subcontractor hereunder, is exempt under any law. If any such tax or duty has been included in the contract price, through error or otherwise, the contract price shall be correspondingly reduced.
- (b) If for any reason after the contract date, CAL is relieved in whole or in part from the payment or the burden of any tax or duty included in the contract price, the contract price shall be correspondingly reduced.

INSPECTION

All services or material hereby ordered is subject to inspection by Airam and/or the Government at the site of work or delivery destination, even though payment may have been made for same prior to arrival of such destination. CAL shall at its own expense afford full and free access to work sites, or places of business to inspect workmanship and/or materials. If upon inspection such materials or services is found to be unsatisfactory because of defective material, inferior quality of workmanship, or for failure to meet any other requirements of this contract either at the time of inspection or during any applicable guarantee period, CAL immediately upon being notified in writing by Airam to do so, shall, at its own expense, remove, dispose of and replace, or otherwise correct all defective materials and workmanship of inferior quality. If CAL shall fail to replace or correct defective material, or inferior workmanship promptly and completely, Airam at its option and in addition to any other remedies it may have, may correct the same with its own forces or by employing others, and CAL shall be liable for and shall pay promptly to Airam upon demand all costs, expenses, and consequential damages of Airam in connection therewith.

COMPLIANCE WITH LOCAL LAWS AND ORDINANCES

CAL shall comply in all respects with all laws, ordinances, and regulations of the Republic of Vietnam and local governments thereof; including, but not limited to laws relating to labor, imports and duties thereon, taxes, marine navigational rules, safety regulations, etc.; and shall hold Airam and the Government harmless against penalties for any infractions thereof.

COMMUNIST CONTROLLED AREAS

CAL shall not acquire for use in the performance of this contract any supplies or services originating from sources within Communist controlled areas as listed in the last paragraph hereof, or transported from or through Hong Kong or Macao, without the written approval of the Contracting Officer, Contract F49604-70-C-0023.

CAL agrees to insert the provisions of this clause, including this paragraph, and the communist controlled areas listed in the paragraph hereof, on all invoices.

Communist controlled are Albania Bulgaria; Mainland China, (excluding Taiwan - Formosa) but including Manchuria, Inner Mongolia, the Provinces of Singhai and Sikang, Sinkiang, Tibet, the former Kwantung Leased Territory, the present Port Arthur Naval Base Area, and Liaoning Province; Communist-controlled area of Vietnam and Communist-controlled area of Laos; Cuba, Czechoslovakia; East Germany (Soviet Zone of Germany and the Soviet Sector of Berlin); Estonia; Hungary; Latvia; Lithuania; North Korea; Outer Mongolia; Poland and Danzig; Rumania; Union of Soviet Socialist Republics.

ESCALATION

s are firm and not subject to escalation for the duration of this act.

TERMINATION

ram, acting as agent for the United States Government under Contract F49604-
D-C-0023, may terminate this contract in whole or in part upon written notice
for the convenience of Airam and the Government of the United States, and settle-
ment shall be in accordance with Section VIII of the Armed Services Procurement
regulations of the United States Government.

DEFAULT

Airam may, subject to the provisions below, by written notice of default to CAL, terminate the whole or any part of this contract without obligation to Airam under any one of the following circumstances: (i) If CAL fails to make delivery of the supplies or to perform the services within the time specified or any extension thereof; or (ii) If CAL fails to perform any of the other provisions of this contract in accordance with the terms; and in either of these two circumstances does not correct such failure within a period of five (5) days (or such longer period as Airam may authorize in writing) after receipt of notice from Airam specifying such failure.

In the event that this contract is terminated for the above reasons, Airam may reprocure those supplies or services remaining to be procured under this contract, and any extra or increased costs resulting therefrom shall be borne by CAL.

CAL shall not be liable for any excess if any failure to perform the contract arises out of causes beyond the control and without the fault or negligence of CAL. Such causes include but are not restricted to acts of God or of the public enemy, acts of the Government, fires, floods, epidemics, strikes, quarantine restrictions, freight embargoes, unusually severe weather, and default of subcontractors due to any of such causes unless Airam shall determine that the supplies or services to be furnished by CAL were obtainable from other sources in sufficient time to permit CAL to meet the delivery schedule.

EXAMINATION OF RECORDS

CAL agrees that the Comptroller General of the United States or any of his duly authorized representatives shall, until the expiration of three years after final payment under the contract, have access to and the right to examine any directly pertinent books, documents, papers, and records of CAL involving transactions related to the subcontract. The term "Contract," as used in this paragraph excludes (i) purchase orders exceeding \$2,500.

PRICE REDUCTION FOR DEFECTIVE CCST OR PRICING DATA

If any price, including profit or fee negotiated in connection with this contract or any cost reimbursable under this contract was increased by any significant sums because CAL, or any subcontractor pursuant to the clause of this contract entitled "Subcontractor Cost or Pricing Data" or "Subcontractor Cost or Pricing Data-Price Adjustments" or any subcontract clause therein required, furnished incomplete or inaccurate cost or pricing data, then such price or cost shall be reduced by the amount of reduction, if any, by which the Government reduces the price or cost of the prime contract and the contract shall be modified in writing as may be necessary to reflect such reduction.

AUDIT

1. For purposes of verifying that certified cost or pricing data submitted, in conjunction with the negotiation of this contract or any contract change or other modification involving an amount in excess of \$100,000, were accurate, complete, and current, the Contracting Officer of the prime contract or its authorized representatives, shall - until the expiration of three years from the date of final payment under this contract - have the right to examine those books, records, documents, papers, and other supporting data which involve transactions related to this contract or which will permit adequate evaluation of the cost or pricing data submitted, along with the computations and projections used therein, provided that, in the case of any contract change or modification, such change or modification results from a change or other modification to the Government prime contract.
2. CAL agrees to insert this clause including this paragraph 2 in all subcontracts hereunder which when entered into exceed \$100,000, unless the price is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation. In each such excepted subcontract hereunder, which when entered into exceeds \$100,000, CAL shall insert the following clause.

"Audit-Price Adjustments

1. This clause shall become operative only with respect to any change or other modification of this contract which involves a price adjustment in excess of \$100,000 unless the price adjustment is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation, provided, that such change or other modification to this contract results from a change or other modification to the Government prime contract.
2. For purposes of verifying that certified cost or pricing data submitted in conjunction with such a contract change or modification were accurate, complete and current, the Contracting Officer of the Government prime contract or his authorized representative shall - until the expiration of three years from the final date of payment under this contract - have the right to examine the books, records, documents, papers and other supporting data which involve transactions related to this contract or which will permit adequate evaluation of the cost or pricing data submitted, along with the computations and projections used therein.
3. The Subcontractor agrees to insert this clause, including this paragraph 3, in all subcontracts hereunder which when entered into exceed \$100,000."

SUBCONTRACTOR COST AND PRICING DATA

1. CAL shall require subcontractors hereunder to submit cost or pricing data under the following circumstances: (i) prior to award of any cost-reimbursement type, incentive, or price redeterminable subcontract; (ii) prior to the award of any subcontract the price of which is expected to exceed \$100,000; (iii) prior to the pricing of any subcontract change or other modification for which the price adjustment is expected to exceed \$100,000; except in the case of (ii) and (iii) where the price is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation.
2. CAL shall require subcontractors to certify, in substantially the same form as that used in the certificate by Airam to the U. S. Government, that to the best of their knowledge and belief, the cost and pricing data submitted under 1. above is accurate, complete, and current as of the agreement on the negotiated price of the subcontract.
3. CAL shall insert the substance of this clause including this paragraph 3. in each of his cost-reimbursement type, price redeterminable, or incentive subcontracts hereunder, and in any other subcontract hereunder which exceeds \$100,000 except where the price thereof is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation. In each such excepted subcontract hereunder in excess of \$100,000, CAL shall insert the substance of the following clause:

"SUBCONTRACTOR COST AND PRICING DATA - PRICE ADJUSTMENTS

1. Paragraphs 2. and 3. of this clause shall become operative only with respect to any change or other modification made pursuant to one or more provisions of this contract which involves a price adjustment in excess of \$100,000. The requirements of this clause shall be limited to such price adjustments.
2. CAL shall require subcontractors hereunder to submit cost or pricing data under the following circumstances: (i) prior to award of any cost-reimbursement type, incentive or price redeterminable subcontract; (ii) prior to award of any subcontract, the price of which is expected to exceed \$100,000; (iii) prior to the pricing of any subcontract change or other modification for which the price adjustment is expected to exceed \$100,000; except in the case of (ii) and (iii), where the price is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or prices set by law or regulation.
3. CAL shall require subcontractors to certify, in substantially the same form as that used in the certificate by Airam to the U. S. Government, that to the best of their knowledge and belief the cost and pricing data submitted under 2. above is accurate, complete, and current as of the date of execution, which date shall be as close as possible to the date of agreement on the negotiated price of the contract modification.

4. CAL shall insert the substance of this clause including this paragraph 4. in each subcontract hereunder which exceeds \$100,000.

NOTICE OF LABOR DISPUTES

- (a) Whenever CAL has knowledge that any actual or potential labor dispute is delaying or threatens to delay the timely performance of this contract, CAL shall immediately give notice thereof, including all relevant information with respect thereto, to Airam.
- (b) CAL agrees to insert the substance of this clause, including this paragraph (b), in any subcontract hereunder as to which a labor dispute may delay the timely performance of this contract; except that each such subcontract shall provide that in the event its timely performance is delayed or threatened by delay by any actual or potential labor dispute, the subcontractor shall immediately notify his next higher tier subcontractor, or CAL, as the case may be, of all relevant information with respect to such dispute.

NON-USE OF FOREIGN-FLAG VESSELS ENGAGED IN CUBAN TRADE

- (a) If, after the date of award, any supplies to be furnished or any material to be incorporated in such supplies or in a construction project will require ocean transportation from the United States in the performance of this contract, CAL shall not use any foreign-flag vessel which the Maritime Commission of the United States has listed in Federal Register as having called at a Cuban port on or after 1 January 1963 unless an exception has been made by the Secretary of Commerce.
- (b) For purposes of this clause, the term "United States" includes the fifty States, Puerto Rico, possessions of the United States, and the District of Columbia.
- (c) CAL shall include the substance of this clause, including this paragraph (c), in each subcontract or purchase order hereunder which may involve ocean transportation from the United States.

SUBCONTRACTS

CAL shall not enter into any subcontract, oral or written, for the performance of any of the work or services provided for under the terms of this contract without the written approval of Airam.

CURRENCY EXCHANGE, BLACKMARKETING AND OTHER ILLEGAL ACTIVITIES
IN THE REPUBLIC OF VIETNAM

- (a) CAL shall comply, and shall require all of his employees to comply, with all applicable Republic of Vietnam laws and regulations to include black market and other currency laws, U. S. Government directives and regulations; and shall not knowingly employ in the performance of this contract any person who has violated any of these laws or regulations.
- (b) CAL shall purchase all piastres required in the performance of this contract or for the personal or official use of its officers or employees from authorized U. S. military disbursing officer or military banking facilities. CAL shall submit to the Contracting Officer of Contract F49604-70-C-0023 via Airmail a monthly piastre report indicating piastre expenditures and purchases for the preceding month, such report to be submitted on or before the 15th of the month, the exact date to be determined by the Contracting Officer. All employment agreements with U. S. and third country national employees shall contain a clause whereby the employee agrees to purchase all piastres for personal use from CAL or authorized U. S. sources. Breach of such agreements shall be sufficient cause for termination of employment of the employee.
- (c) CAL agrees to terminate the employment of any individual who has been determined by the Commander, MACV, or his designee, to be unacceptable for employment under U. S. Government contracts. This determination will be made in accordance with policies and administrative procedures promulgated by the U. S. Embassy and MACV to deny employment to those employees who have engaged in currency violations, black market transactions, or other activities contrary to the best interests of the U. S. Government. The Contracting Officer of Contract F49604-70-C-0023 on being advised of this determination will inform CAL who hereby agrees to terminate the employment of such individual. The Contractor will insert a clause in all employment agreements with non-Vietnamese employees indicating an understanding of, and agreement to abide by, this provision. Only non-Vietnamese employees who have agreed to abide by this provision will be acceptable for employment under this contract.
- (d) Failure of CAL to comply with the requirements of this clause shall be sufficient cause for termination of this contract under the clause entitled "Default".
- (e) CAL further agrees to incorporate the terms and provisions of subclauses (a), (b), (c) and (d) above in all subcontracts with non-Vietnamese subcontractors under the terms of the prime contract.